

**A RESOLUTION**

02- R -2066

**BY TRANSPORTATION COMMITTEE**

**A RESOLUTION AUTHORIZING THE MAYOR OR HER  
DESIGNEE TO EXECUTE A LEASE AGREEMENT  
WITH THE PERISHABLES GROUP INTERNATIONAL  
JV, LLC, (PGI) TO PROVIDE FOR THE OCCUPANCY  
AND OPERATION OF THE HARTSFIELD ATLANTA  
PERISHABLES COMPLEX AT THE HARTSFIELD  
ATLANTA INTERNATIONAL AIRPORT; AND FOR  
OTHER PURPOSES.**

**WHEREAS**, the City owns the Hartsfield Atlanta Perishables Complex (Complex) at the Hartsfield Atlanta International Airport, and provides the Complex for the benefit of all air carriers operating at the Airport who desire to avail themselves of the services and benefits provided to them by the operation of the Complex; and

**WHEREAS**, the Complex is presently operated on behalf of the City by the Perishables Group International (PGI) JV, LLC, under a management contract which has expired of its terms effective October 1, 2002; and

**WHEREAS**, the Complex, as operated under the management contract, has generated an average net operating cost to the City of \$55,000 per year over the four year term; and

**WHEREAS**, the City has advertised for expressions of interest in the Complex without having received same, and having knowledge that PGI has proven itself to be a competent operator of the Complex now desires to lease the Complex to PGI upon terms and conditions negotiated by and between the parties; and

**WHEREAS**, it is in the best interest of the City to enter into a Lease Agreement with Perishables Group International JV, LLC, as hereinafter set forth.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA** that the Mayor or her designee be and hereby is authorized to execute on behalf of the City of Atlanta a Lease Agreement with Perishables Group International JV, LLC, which shall contain substantially the following terms, conditions and provisions:

- 1) A term effective as of November 1, 2002 and ending October 31, 2007; and
- 2) The tenant shall have the right to handle both perishable and dry cargo when such dry cargo is allied with perishable cargo shipments. Such cargo handling services to be provided to all air carriers desiring such services on a non-discriminatory basis; and
- 3) The tenant shall pay to the City an annual rental of \$36,000 plus five percent of all annual operating revenues in excess of \$1.3 million; and

- 4) Such other terms, conditions, and provisions as may be required by City ordinances or Federal regulations or as are customarily included in similar agreements at the airport.

**BE IT FURTHER RESOLVED** that the City Attorney be and she hereby is directed to prepare said Lease Agreement for execution by the Mayor or her Designee.

**BE IT FINALLY RESOLVED** that said Lease Agreement shall not become binding upon the City of Atlanta, and the City of Atlanta shall incur no obligation nor liability thereunder until the same has been signed by the Mayor and delivered to Perishables Group International JV, LLC.

TRANSMITTAL FORM FOR LEGISLATION

To Mayor's Office: Greg Pridgeon

General Manager's Signature: MCS

From: Originating Dept. Aviation

Committees of Purview: TC

Committee Meeting Dates: 11/27/02

Contact: Anita Williams (404)530-6600

Committee Deadline: 11/15/02

Council Meeting: 12/02/02

**CAPTION:**

**A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A LEASE AGREEMENT WITH THE PERISHABLES GROUP INTERNATIONAL JV, LLC, (PGI) TO PROVIDE FOR THE OCCUPANCY AND OPERATION OF THE HARTSFIELD ATLANTA PERISHABLES COMPLEX AT HARTSFIELD ATLANTA INTERNATIONAL AIRPORT; AND FOR OTHER PURPOSES.**

**BACKGROUND/DISCUSSION:**

PGI presently operate the Hartsfield Atlanta Perishables Complex (Complex) on behalf of the City of Atlanta as an agent of the City under a management agreement that has expired of its terms effective October 1, 2002. Anticipating the termination of the management agreement, the City advertised in major trade publications for expressions of interest in the Complex. Having received no serious inquires, the City negotiated the pending lease proposal with PGI. The proposed lease terms relieve the City of certain responsibilities previously held under the management agreement; including paying PGI an annual management fee of \$90,000+ and covering operating losses of the Complex. With average operating revenues of \$927,000 and average operating expenses of \$875,000 per year, the Complex has generated an average net operating revenue of \$52,000 per year. After distribution of net revenues and payment of the management fee, the City's net average cost to operate the Complex equals \$55,000 per year. Under the proposed lease, PGI will pay the City an annual rental of \$36,000.00 plus an end-of-year sharing of 5% of all operating revenues over \$1.3 million. The City also agrees to continue to reimburse PGI for repair and replacement expenses related to mission critical equipment and fixtures.

**FINANCIAL IMPACT:** N/A

**SOURCE:** N/A

Mayor's Staff Only:

Received by Mayor's Office: 11/14/02 Reviewed: JS  
(date) (initials) (date)

Submitted to Council: \_\_\_\_\_  
(date)

Action by Committee: \_\_\_\_\_ Approved \_\_\_\_\_ Adversed \_\_\_\_\_ Held \_\_\_\_\_  
\_\_\_\_\_ Amended \_\_\_\_\_ Substitute \_\_\_\_\_ Referred \_\_\_\_\_ Other \_\_\_\_\_